

VECTREN CORPORATION - Summer 2003 Reliability



REPORT TO IURC May 2, 2003

Summer 2003 Outlook

Summer Supply Resources

Demand Forecast

Transmission System Performance

Communication Plan

Demand Side Management

Generation Capacity Planning

Conclusion



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Not just power. Possibility.

Summer Supply Status

Summer Supply Resources

- **High Unit Availability**
- **Spring Maintenance Activities**
- **SCR Outages**
- **Availability Goals**
- **ECAR Capacity Status**



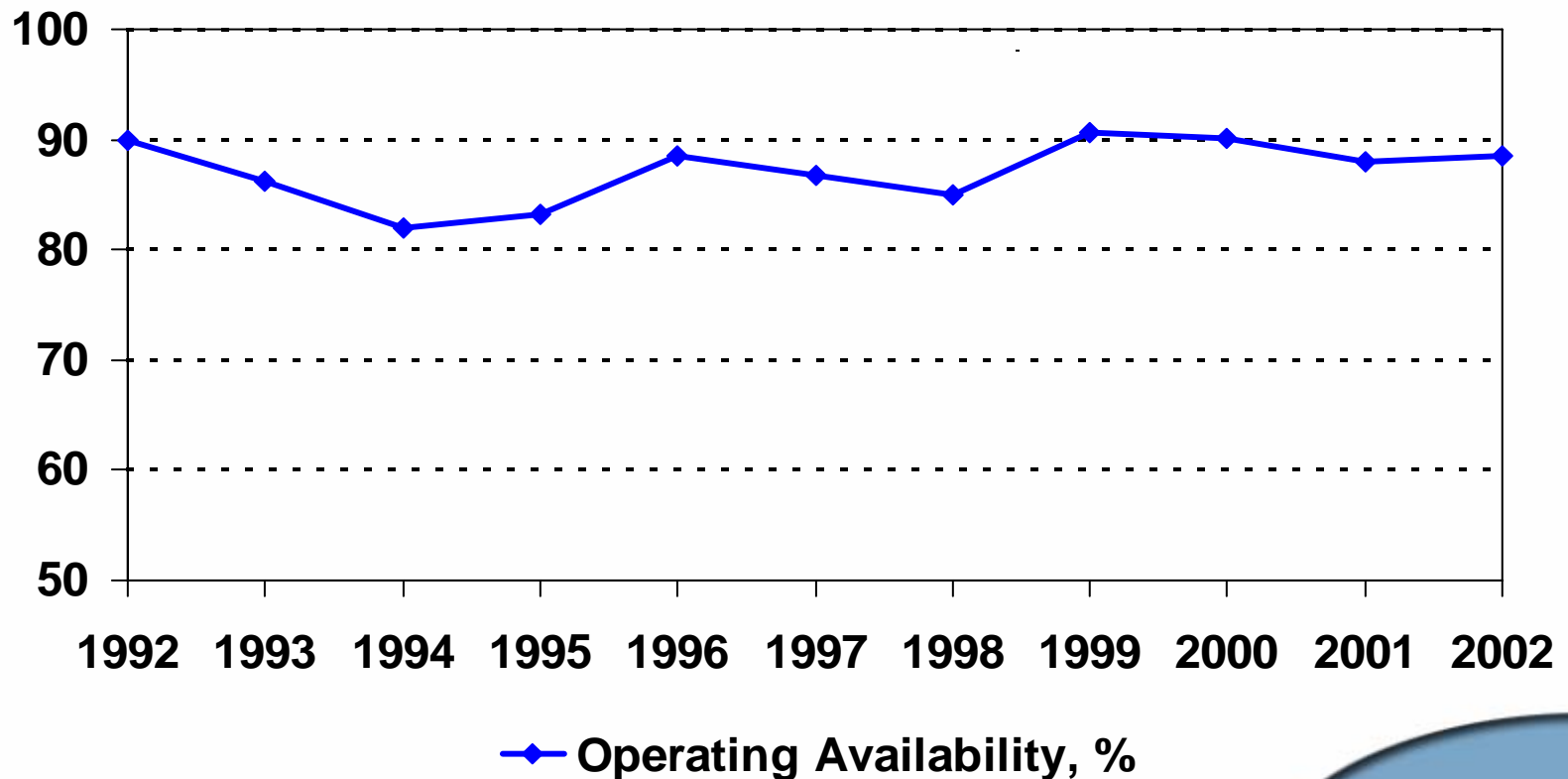
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Historical Operating Availability

Summer Supply Resources

COAL FIRED STEAM SYSTEM



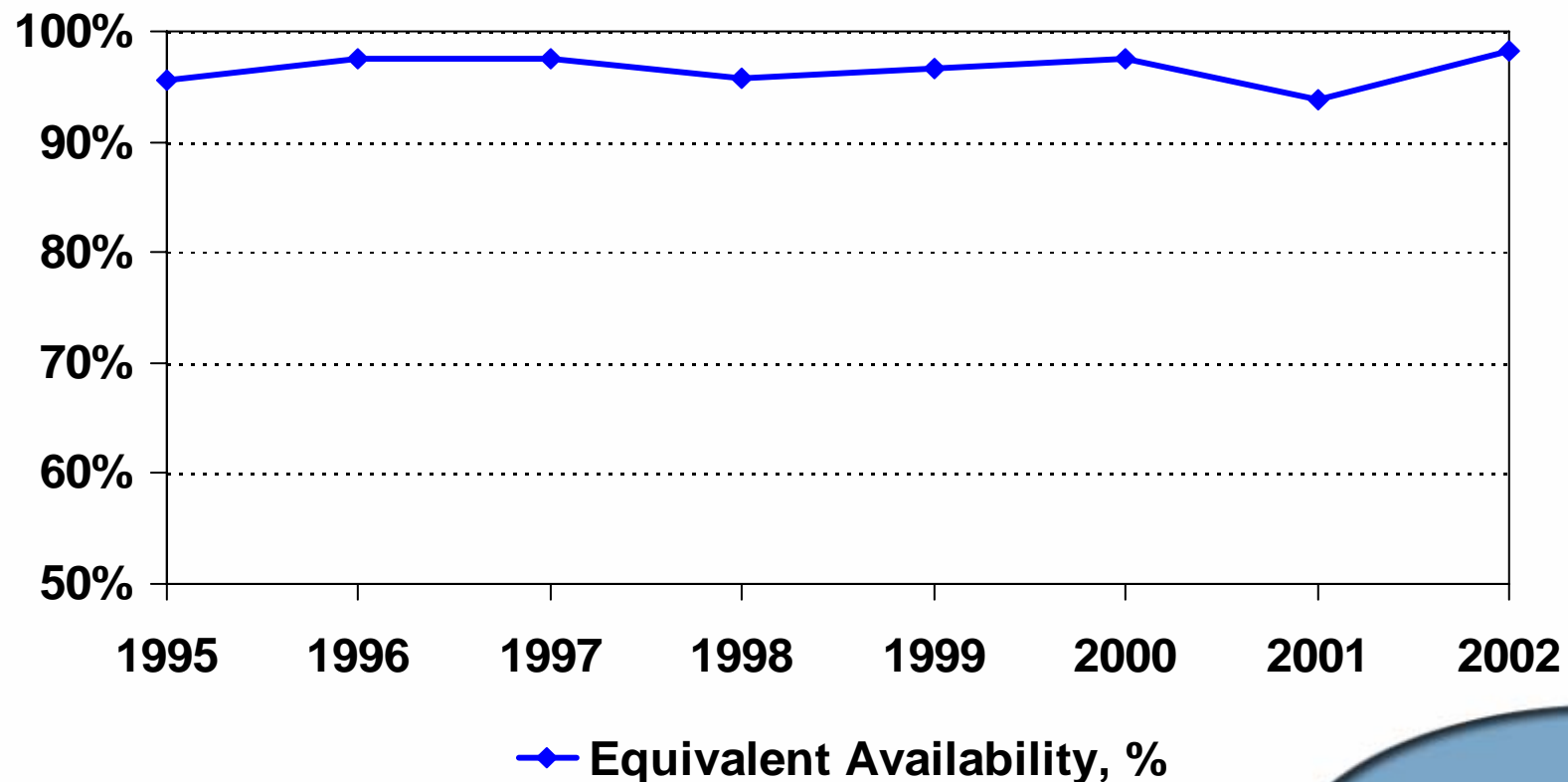
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Availability at Summer Peak Hour

Summer Supply Resources

COAL FIRED STEAM SYSTEM



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VECTREN System Capacity

Summer Supply Resources

Coal Generation	1056 MW
Combustion Turbine	285 MW
Purchased Capacity	<u>32 MW</u>
Total	1373 MW



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Interruptible DLC Capabilities

Summer Supply Resources

Interruptible Customers	65 MW
DLC, normal	25 MW
DLC, emergency	50 MW

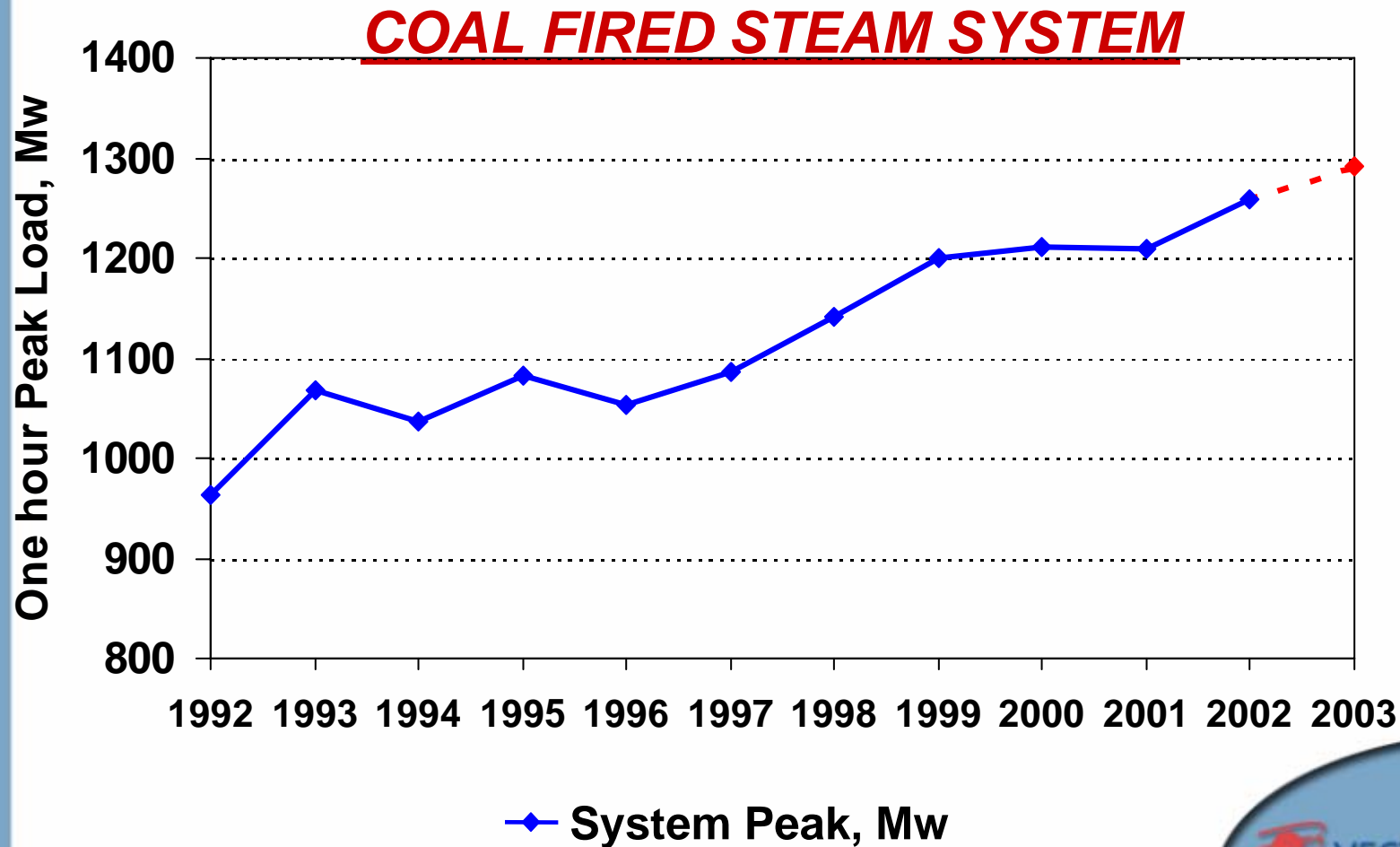


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Summer Peak Load

Demand Forecast



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Meet the Peak Summary

Demand Forecast

System Capability	1373 MW
Interruptible	65 MW
DLC (MAX)	<u>50 MW</u>
Total Capability	1488 MW
2003 Projected Peak	1292 MW
<u>Reserve Margin (15.2%)</u>	196 MW
Capacity Margin 6.3%	81 MW



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Special Provisions

Demand Forecast

- **ECAR ARS** **As Needed**
- **Voluntary Capacity Releases** **75-150 MW**
- **Internal Use Reduction Plans** **10 MW**
- **Conservation Request** **30 MW**
- **Emergency Load Reduction Plan-** **Last Resort**



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Transmission System Performance

Internal Operations

Under normal and single contingency conditions, system capacity plus transmission CBM is adequate to serve native load.

Transmission system import capability has been reduced by the MISO load flow analysis. This change makes purchased power options less reliable.



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Communication Plan

Conservation Appeal

- **News Release**
- **Media Spots**
- **Key Accounts Phone Appeal**



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Demand Side Management Activities

- **Continuation of Direct Load Control Program**
 - 40,000 + Residential Customers
 - 3,000 Business Customers
 - 30 to 50 MW in available load (based on cycling strategy)
 - DSM Activities



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Demand Side Management Activities

- **Third Party DSM Program**
- **Net Metering Tariff**



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Generation Capacity Plan

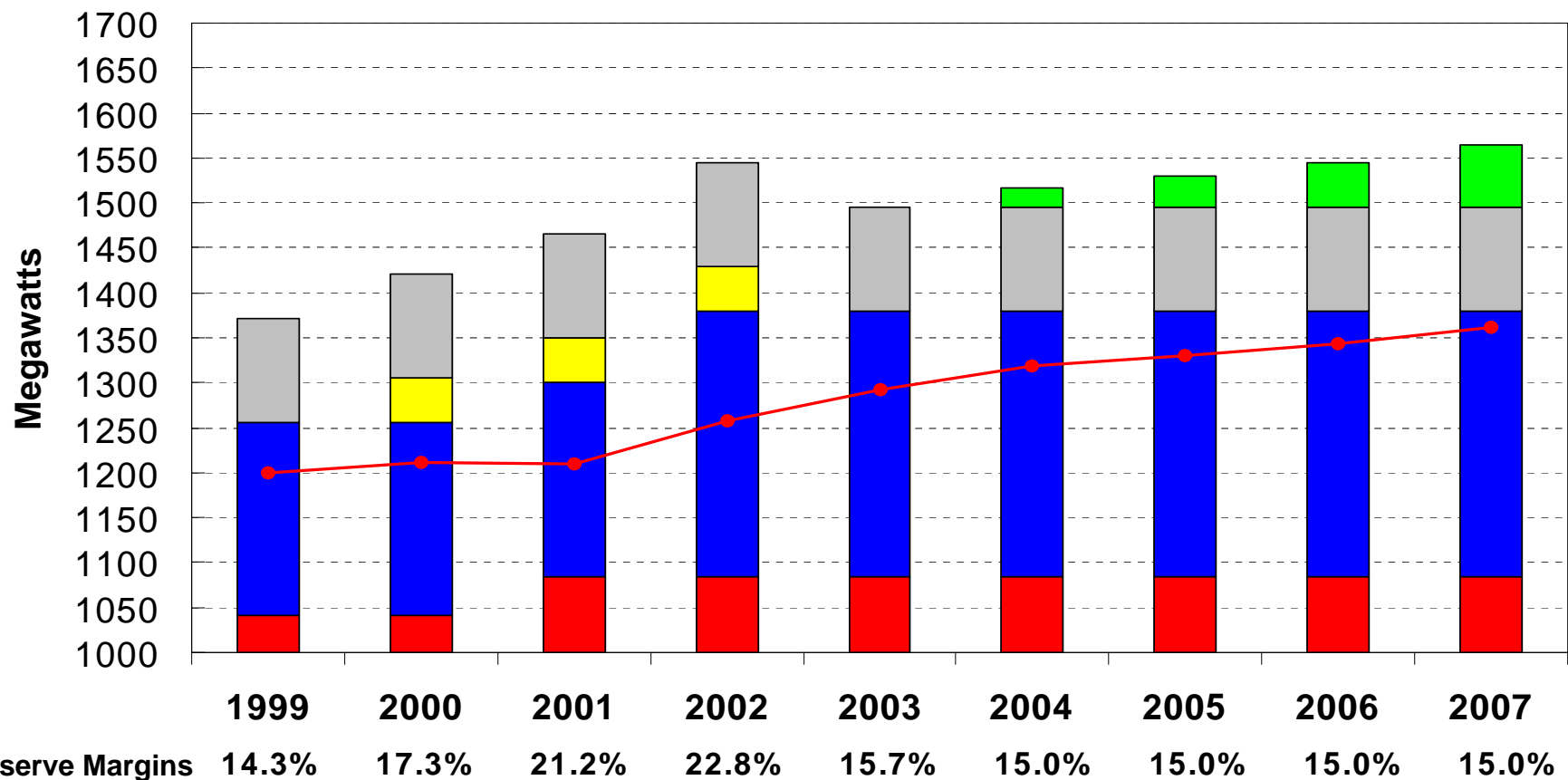
- **New 80 MW Peaking Capacity completed in 2002**
- **Current review of IRP indicates need for additional capacity in near future.**
- **Currently Reviewing IRP Capacity Options**
- **Transmission upgrades are an important component of the evaluation**
- **Abundant capacity margin in ECAR**



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Integrated Resource Plan



■ Base Load
 ■ Peaking
 ■ Purchase
 ■ Interruptible
 ■ Capacity Requirement
 —●— PEAK DEMAND

Conclusion

Based upon forecasted demand for electricity and historical reliability of system generating and non-firm transmission capacity, VECTREN anticipates it will be able to provide reliable service to firm native load customers.

However, unforeseen system generation outages or constraints imposed by MISO on transmission import capability could effect that capability.



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